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15 UNITED STATES DISTRICT COURT
16 NORTHERN DISTRICT OF CALIFORNIA
17

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19 IN RE LUMINENT MORTGAGE CAPITAL,
INC. SECURITIES LITIGATION

C 07-04073 PJH

20 **CLASS ACTION**

21 This Document Relates To:

22 ALL ACTIONS
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**REPLY DECLARATION OF ALLEN
DAYTON IN SUPPORT OF MOTION
BY SOUTHERN FOR APPOINTMENT
OF LEAD PLAINTIFF AND
APPROVAL OF LEAD COUNSEL**

Date: November 21, 2007

Time: 9:00 a.m.

Place: Courtroom 3, 17th Floor

1 ALLEN DAYTON hereby declares pursuant to 28 U.S.C. § 1746 as follows:

2 1. I submit this declaration in response to certain assertions made by William F.
3 Kornfeld, Jr. in his Opposition to Certain Competing Motions for Appointment of Lead Plaintiff
4 ("Kornfeld Opp.") in support of his request for discovery from myself, The Southern
5 Improvement Company, and VSA, Inc. (collectively, "Southern").

6 2. Mr. Kornfeld asserts that, based on the fact that The Southern Improvement
7 Company's sold covered call options, which are listed in its certification, that "there is a real
8 question raised whether Southern Improvement has engaged in other hedging activities which
9 could result in its potential disqualification as a class representative thereby rebutting the
10 presumption that Southern is the most adequate lead plaintiff." Kornfeld Opp. at 4. Mr.
11 Kornfeld also states that discovery is needed of "other similar though perhaps more complex
12 hedging activities" in order "to insure that the short selling of call options represented his only
13 hedging activity with respect to Luminent stock."

14 3. Mr. Kornfeld's speculation about Southern's purported hedging activity is wrong.
15 Southern did not engage in any other investment activities – hedging or otherwise – with respect
16 to Luminent securities, aside from those disclosed in its certifications.

17 I declare under penalty of perjury that the foregoing is true and correct. Executed this
18 7th day of November, 2007, at Lincoln, Nebraska.

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21 ALLEN DAYTON
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